

State registration with the	Approved by
Ministry of Justice of Azerbaijan Republic	Resolution of November 3, 2004 by the Management Board of the Central Bank of Azerbaijan Republic
Registration No. 3094 November 16, 2004	Protocol No. 19
Minister _____ F.F. Mammadov	Governor of the Management Board _____ E.S. Rustamov

**REGULATIONS
ON
REVIEW OF MATERIALS RELATED TO DISMISSAL OF BANK ADMINISTRATORS
AND DOCUMENTATION OF REVIEW RESULTS**

(as amended on 18.11.2008 and 15.04.2010)

1. General provisions

- 1.1. These Regulations have been developed in accordance with the Laws of Azerbaijan Republic «On banks», and «On the Central Bank of Azerbaijan Republic», and identifies the procedures for review of materials related to the dismissal of bank administrators and documentation of review results by the Central Bank of Azerbaijan Republic (hereinafter referred to as the «Central Bank»).
- 1.2. For the purposes hereof, «bank administrators» include members of a bank's Supervisory Board, Audit Committee and Management Board, as well as the bank's chief accountant (accounting director), internal audit staff, branch office, division and representative office managers and chief accountants.
- 1.3. For the purposes hereof, «bank» also includes the local branch offices of foreign banks operating in Azerbaijan Republic.
- 1.4. The sanction to dismiss bank administrators shall be subject to approval by the Management Board of the Central Bank.

1. Application of the sanction

- 2.1. The Central Bank, in course of the supervisory process, may, in addition to relevant enforcement measures, apply the sanction of dismissal of bank administrators, for any known infringements, or circumstances that may cause infringements upon the provisions of the Law of Azerbaijan Republic «On banks», the Central Bank's regulations, prudential standards and requirements, and terms of banking licenses or special permits issued by the Central Bank.
- 2.2. If a Central Bank inspector finds bank administrators to be associated, through action, with the above said infringements or circumstances that may give rise to such infringements, the inspector shall draw up and submit a detailed report to this effect to the head of the banking supervision unit (hereinafter referred to as the «Unit»), or his assignee.
- 2.3. The Unit Manager, or his assignee, having reviewed the report within no more than 10 (ten) calendar days, and decided that there are sufficient grounds for applying the corresponding enforcement measures, shall file an appropriate petition to the «Banking Supervision Committee» of the Central Bank (hereinafter referred to as the «Committee»)¹.
- 2.4. Depending on the position of the bank administrator proposed for dismissal, the Banking Supervision Committee may choose to invite bank shareholders, Supervisory Board, Audit Committee, Management Board members, as well as the bank administrator himself to a committee meeting. Failure of invitees to attend the Banking Supervision Committee's meeting shall not affect the sanction initiation procedures.

3. Review of sanction-related materials²

3.1. removed.³

3.2. removed.⁴

3.3. The Banking Supervision Committee shall review the sanction petition within no more

1 (as amended on 18.11.2008).

2 (as amended on 18.11.2008).

3 (as amended on 18.11.2008).

4 (as amended on 18.11.2008).

than 30 (thirty) calendar days and shall make a ruling on this matter.

- 3.4. The Committee chairperson shall convene a meeting of the Banking Supervision Committee no later than in 5 (five) calendar days from the date of receipt of the Unit Manager's sanction request. Committee members shall review the petition and any and all addendums and supporting documents in the meeting. Any member of the Committee may request the Unit to provide any document necessary to address the matter at hand as objectively and thoroughly as possible.
- 3.5. Unless there are sufficient grounds for an immediate sanction, the Banking Supervision Committee's meeting may make a decision in accordance with paragraph 2.4 hereof. The decision shall specify the venue and the time of the next meeting and a relevant notice shall be dispatched (served) to the bank concerned via registered mail or special delivery. In this case, the next meeting may not be scheduled for a date earlier than 5 (five) calendar days from the date such decision was made.
- 3.6. Individuals invited to the Banking Supervision Committee's meeting may communicate their views on the proposed dismissal of the bank administrator in question in writing and verbally. A written communication shall be signed and dated by the writer.
- 3.7. The Banking Supervision Committee shall write up a positive or negative opinion substantiating its decision on the matter.

The Committee shall specify the actual and legal grounds for application of the proposed sanction in its opinion.

- 3.8. The Committee's decision shall be documented with a protocol. The protocol shall be signed by all members of the Banking Supervision Committee. Any Committee member in disagreement with the decision, or having a special view in this respect, shall make a note to this effect in the protocol, and attach his own opinion in a written form to the protocol.

When an opinion is given with respect to application of the proposed sanction in accordance with paragraph 3.6 above, a note is made to this effect in the protocol, and a written opinion is attached to the protocol.

- 3.9. The Banking Supervision Committee's decision and approved opinion shall be immediately included in the agenda of the next scheduled meeting of the Management Board of the Central Bank. The opinion shall be signed by the Committee chairperson.

1. Sanction decision

- 4.1. The Central Bank's Management Board shall discuss the Banking Supervision Committee's opinion at the next scheduled meeting, and shall decide either for or against the proposed sanction. The Management Board shall take and document its decision in accordance with the Law of Azerbaijan Republic «On the Central Bank of Azerbaijan Republic».
- 4.2. The Central Bank's Management Board's decision to apply the proposed sanction shall specify the main facts and legal grounds for the application thereof.
- 4.3. The sanction decision shall be dispatched to the bank concerned for immediate execution.
- 4.4. The bank's competent executive body shall promptly act upon the decision to dismiss bank administrators.
- 4.5. If the bank in question fails to act upon the decision to dismiss bank administrators, the Central Bank may appoint a receiver/temporary administrator for this bank in accordance with the Law of Azerbaijan Republic «On banks».

5. Final provisions

5.1. Individuals affected by the sanction may appeal this decision in the court in accordance with the existing laws of Azerbaijan Republic. Filing of an appeal shall not suspend the application of the sanction provided for hereunder.

5.2. These Regulations shall take effect as of the date of state registration.